

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Caldwell Township	County Missaukee
Audit Date 3/31/04	Opinion Date 6/13/04	Date Accountant Report Submitted to State: 9/1/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
		ZIP 49601	
Accountant Signature 			Date 8.25.04

CALDWELL TOWNSHIP, MISSAUKEE COUNTY

LAKE CITY, MICHIGAN

MARCH 31, 2004

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

MARCH 31, 2004

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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

MARCH 31, 2004

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CERTIFIED PUBLIC ACCOUNTANTS

June 13, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Caldwell Township
Missaukee County
Lake City, Michigan

We have audited the accompanying general-purpose financial statements of Caldwell Township, Missaukee County, Lake City, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Caldwell Township, Missaukee County, Lake City, Michigan as of March 31, 2004, and the results of its operation in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the examination of the general-purpose financial statements, and in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE
<u>ASSETS AND OTHER DEBITS</u>			
<u>ASSETS</u>			
Cash			
Commercial Account	\$ 40,513	\$ 0	\$ 0
Money Market Account	204,096	86,553	15,271
Certificates of Deposit	208,422	0	0
Special Assessments Receivable	0	0	6,205
Taxes Receivable	5,042	3,983	0
Accounts Receivable	470	0	0
Due from Other Governments	12,816	0	0
Prepaid Expenses	823	0	0
Land and Buildings	0	0	0
Machinery and Equipment	0	0	0
Office Furniture and Fixtures	0	0	0
<u>OTHER DEBITS</u>			
Amount Available in Debt Service Funds	0	0	0
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0
 TOTAL ASSETS AND OTHER DEBITS	 \$ 472,182	 \$ 90,536	 \$ 21,476

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL	GENERAL	
	FIXED ASSETS	LONG-TERM DEBT	
\$ 33	\$ 0	\$ 0	\$ 40,546
0	0	0	305,920
0	0	0	208,422
0	0	0	6,205
0	0	0	9,025
0	0	0	470
0	0	0	12,816
0	0	0	823
0	162,167	0	162,167
0	29,763	0	29,763
0	16,272	0	16,272
0	0	16,480	16,480
0	0	4,233	4,233
\$ 33	\$ 208,202	\$ 20,713	\$ 813,142

The accompanying notes are an integral part of these financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS
MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>			
<u>LIABILITIES</u>			
Deferred Revenue	\$ 0	\$ 0	\$ 4,996
Accounts Payable	29,608	398	0
Due to Other Governments	0	0	0
Bonds Payable	0	0	0
	<hr/>		
Total Liabilities	\$ 29,608	\$ 398	\$ 4,996
	<hr/>		
<u>EQUITY AND OTHER CREDITS</u>			
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 0
Fund Balance			
Reserved for Debt Retirement	0	0	16,480
Reserved for Fire Protection	0	71,724	0
Reserved for Street Lighting	0	18,414	0
Unreserved	442,574	0	0
	<hr/>		
Total Equity and Other Credits	\$ 442,574	\$ 90,138	\$ 16,480
	<hr/>		
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 472,182	\$ 90,536	\$ 21,476
	<hr/>		

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

FIDUCIARY FUND TYPE AGENCY	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL	GENERAL	
	FIXED ASSETS	LONG-TERM DEBT	
\$ 0	\$ 0	\$ 0	\$ 4,996
0	0	0	30,006
33	0	0	33
0	0	20,713	20,713
<hr/>			
\$ 33	\$ 0	\$ 20,713	\$ 55,748
<hr/>			
\$ 0	\$ 208,202	\$ 0	\$ 208,202
0	0	0	16,480
0	0	0	71,724
0	0	0	18,414
0	0	0	442,574
<hr/>			
\$ 0	\$ 208,202	\$ 0	\$ 757,394
<hr/>			
\$ 33	\$ 208,202	\$ 20,713	\$ 813,142
<hr/>			

The accompanying notes are an integral part of these financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GOVERNMENTAL FUND TYPES			TOTALS
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	(MEMORANDUM ONLY)
<u>REVENUES</u>				
Taxes	\$ 41,145	\$ 26,505	\$ 0	\$ 67,650
State Grants	97,962	0	0	97,962
Charges for Services	2,006	780	0	2,786
Interest and Rents	8,886	546	2,176	11,608
Other Receipts	5,893	4,050	8,226	18,169
Total Receipts	\$ 155,892	\$ 31,881	\$ 10,402	\$ 198,175
<u>EXPENDITURES</u>				
Legislative				
Township Board	\$ 8,400	\$ 0	\$ 0	\$ 8,400
General Government				
Supervisor	10,813	0	0	10,813
Assessor	23,425	0	0	23,425
Clerk	12,990	0	0	12,990
Board of Review	1,080	0	0	1,080
Treasurer	20,126	0	0	20,126
Building and Grounds	20,111	0	0	20,111
Cemetery	2,150	0	0	2,150
Public Safety				
Fire Protection	0	18,952	0	18,952
Public Works				
Highways, Streets and Bridges	53,479	0	0	53,479
Street Lighting	0	2,977	0	2,977

The accompanying notes are an integral part of these financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>			<u>TOTALS</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>(MEMORANDUM ONLY)</u>
Recreation and Cultural				
Lake Improvements	0	4,050	0	4,050
Other Functions	7,665	0	0	7,665
Debt Service	0	0	12,468	12,468
Total Disbursements	<u>\$ 160,239</u>	<u>\$ 25,979</u>	<u>\$ 12,468</u>	<u>\$ 198,686</u>
Excess of Revenues Over (Under) Expenditures	\$ (4,347)	\$ 5,902	\$ (2,066)	(511)
<u>FUND BALANCE</u> - April 1, 2003	<u>446,921</u>	<u>84,236</u>	<u>18,546</u>	<u>549,703</u>
<u>FUND BALANCE</u> - March 31, 2004	<u>\$ 442,574</u>	<u>\$ 90,138</u>	<u>\$ 16,480</u>	<u>\$ 549,192</u>

The accompanying notes are an integral part of these financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes	\$ 48,561	\$ 41,145	\$ (7,416)
State Grants	80,000	97,962	17,962
Charges for Services	3	2,006	2,003
Interest and Rents	8,560	8,886	326
Other Receipts	135	5,893	5,758
Total Revenues	\$ 137,259	\$ 155,892	\$ 18,633
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 13,897	\$ 8,400	\$ 5,497
General Government			
Supervisor	10,787	10,813	(26)
Election	2,000	0	2,000
Assessor	22,260	23,425	(1,165)
Clerk	12,625	12,990	(365)
Board of Review	2,200	1,080	1,120
Treasurer	22,250	20,126	2,124
Building and Grounds	34,240	20,111	14,129
Cemetery	4,125	2,150	1,975
Public Safety			
Fire Protection	0	0	0
Public Works			
Highways, Streets and Bridges	75,000	53,479	21,521
Street Lighting	0	0	0
Recreational and Cultural			
Lake Improvement	0	0	0

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE FUND TYPES			DEBT SERVICE FUND TYPES		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
\$ 28,500	\$ 26,505	\$ (1,995)	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	780	780	0	0	0
950	546	(404)	800	2,176	1,376
4,050	4,050	0	4,245	8,226	3,981
<u>\$ 33,500</u>	<u>\$ 31,881</u>	<u>\$ (1,619)</u>	<u>\$ 5,045</u>	<u>\$ 10,402</u>	<u>\$ 5,357</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
30,685	18,952	11,733	0	0	0
0	0	0	0	0	0
4,710	2,977	1,733	0	0	0
4,050	4,050	0	0	0	0

The accompanying notes are an integral part of these financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
Other Functions	16,034	7,665	8,369
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	\$ 215,418	\$ 160,239	\$ 55,179
Excess of Revenues Over (Under) Expenditures	\$ (78,159)	\$ (4,347)	\$ 73,812
<u>FUND BALANCE</u> - April 1, 2003	446,921	446,921	0
<u>FUND BALANCE</u> - March 31, 2004	\$ 368,762	\$ 442,574	\$ 73,812

The accompanying notes are an integral part of these financial statements.

SPECIAL REVENUE FUND TYPES			DEBT SERVICE FUND TYPES		
BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
0	0	0	0	0	0
0	0	0	9,100	9,735	(635)
0	0	0	35	2,733	(2,698)
\$ 39,445	\$ 25,979	\$ 13,466	\$ 9,135	\$ 12,468	\$ (3,333)
\$ (5,945)	\$ 5,902	\$ 11,847	\$ (4,090)	\$ (2,066)	\$ 2,024
84,236	84,236	0	18,546	18,546	0
\$ 78,291	\$ 90,138	\$ 11,847	\$ 14,456	\$ 16,480	\$ 2,024

The accompanying notes are an integral part of these financial statements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Caldwell Township is a general law township located in Missaukee County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Township has the following fund types and account groups:

Governmental funds are used to account for the Township's general government activities. Governmental fund types use the flow of financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Township and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The Debt Service Funds account for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operations or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Groups. The General Fixed Asset Account Group is used to account for fixed assets not accounted for in proprietary or trust funds. The General Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

In accordance with Public Act 20 of the Public Acts of 1943, as amended, the investment policy adopted by the Township allows the surplus funds of Caldwell Township to be invested as follows:

Certificate of deposit, savings accounts, deposit accounts or depository receipts of a bank which is a member of a federal deposit insurance corporation, but only if the bank, savings and loan association, meeting all the criteria as a depository of public funds contained in state law.

2. Receivables and Payables

All outstanding balances between funds at the end of the fiscal year are reported as "Due To/From Other Funds".

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

6. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

7. Long-Term Obligations

The Township reports long-term debt of governmental funds at face value in the general long-term debt account group.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budgets are adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 13, 2003, or as amended by the Township board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations occurred in the following funds:

Debt Service Fund - Sewer Project #2 expenditures of \$12,427 exceeded appropriations of \$9,010 by \$3,417.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Township's deposits and investments are owned by several of the Township's funds. A total of \$210,022 of the Township's \$557,876 of total investments and deposits are in accounts which exceed federal depository insurance and are uncollateralized. The remaining \$347,854 of bank investments and deposits are in separate accounts which are fully insured. All deposits and investments are in Chemical Bank, Lake City, Michigan, Chemical Bank North, Grayling, Michigan and Fifth Third Bank, Lake City, Michigan. At year-end, the carrying amount of the Township's deposits was \$554,888 and the bank balance was \$557,876.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The carrying amount of the Township's bank deposits and investments at year-end are shown below:

	BANK DEPOSITS		
	COMMERCIAL ACCOUNTS	MONEY MARKET ACCOUNTS	CERTIFICATES OF DEPOSIT
General Fund	\$ 40,513	\$ 204,096	\$ 208,422
Fire Fund	0	67,891	0
Street Lighting Fund	0	18,662	0
Debt Service Fund - Sewer Project #1	0	11,169	0
Debt Service Fund - Sewer Project #2	0	4,102	0
Current Tax Collection Fund	33	0	0
	<u>\$ 40,546</u>	<u>\$ 305,920</u>	<u>\$ 208,422</u>

B. Fixed Assets

A summary of changes in general fixed assets appears below:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land and Buildings	\$ 159,206	\$ 2,961	\$ 0	\$ 162,167
Machinery and Equipment	23,815	5,948	0	29,763
Furniture and Fixtures	16,272	0	0	16,272
	<u>\$ 199,293</u>	<u>\$ 8,909</u>	<u>\$ 0</u>	<u>\$ 208,202</u>

C. Long-Term Debt

The following is a summary of debt transactions of the Township for the fiscal year ended March 31, 2004:

Bonds Payable at April 1, 2003	\$ 30,448
Payments on Bonds	<u>(9,735)</u>
BONDS PAYABLE AT MARCH 31, 2004	<u>\$ 20,713</u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Township's Long-Term Debt consists of the following:

Serial Bonds

1993 Missaukee Sanitary Drainage District No. 2 Drain Bonds; due in annual installment of \$21,740 \$ 20,713

The annual requirements to amortize the long-term debt outstanding as of March 31, 2004, including interest of \$1,027 are as follows:

<u>YEAR ENDED MARCH 31,</u>	<u>AMOUNTS</u>
2005	\$ 21,740

D. Current Tax Collection Fund

The balance of \$33 remaining in the Current Tax Collection Fund at March 31, 2004, is owed to other governmental units.

E. Debt Service Fund - Sewer Project #1

A special assessment roll was levied July 1, 1985, to generate monies to finance the construction of an addition to the Missaukee Sanitary Drain No. 1 and Branches Drainage District. At March 31, 2004, the total special assessments receivable amounted to \$1,328. Of this total, \$119 has been recognized in the Sewer Project #1 balance sheet as deferred revenue.

F. Debt Service Fund - Sewer Project #2

A special assessment roll was levied in July of 1992, to generate monies to finance the construction of the Missaukee Sanitary Drain No. 2 Drainage District. At March 31, 2004, the total special assessments receivable amounted to \$4,877. Of this total, \$4,877 has been recognized in the Sewer Project #2 balance sheet as deferred revenue.

G. Lake Improvement Fund

Caldwell and Lake Township property owners on Crooked Lake have established a Lake Improvement Board for the purpose of improving Crooked Lake. A special assessment district was established with each municipality collecting the assessment from its property owners within the district. Caldwell and Lake Townships send the collected assessments to the Crooked Lake Improvement Board which maintains the records for the lake improvements.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Lake Improvement Fund as reported in these financial statements shows the transactions of the Township Lake Improvement Fund as they would have occurred if all lake improvement monies received for current and delinquent taxes were sent to the Lake Improvement Fund before being sent to the Crooked Lake Improvement Board. The payments are being sent to the Crooked Lake Improvement Board directly from the Current Tax Fund and from the General Fund due to substantial savings of time and bookkeeping procedures.

IV. OTHER INFORMATION

A. Property Taxes

The Township levied 1.3156 mills for general operating purposes on a taxable value of \$28,581,133. In addition, the Township levied 1.00 mills for fire protection on real property with a taxable value of \$26,504,880.

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. Taxes are due and payable to the township treasurer on or before February 28. After February 28, the property taxes are payable to the Missaukee County Treasurer.

B. Interest Income and Expense

For the year ended March 31, 2004, interest income on deposits and investments and interest expense is summarized as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 8,361	\$ 0
Fire Fund	443	0
Street Lighting Fund	103	0
Debt Service Fund - Sewer Project #1	1,570	2
Debt Service Fund - Sewer Project #2	606	2,719
	<hr/>	<hr/>
	\$ 11,083	\$ 2,721

C. Fire Protection

The Township contracts with the City of Manton for fire protection. The City of Manton contract calls for payment at .75 mills on SEV of the area covered. The contract runs from December 1, to November 30, of each year. For the 2003-2004 fiscal year, the Township paid \$6,023 for this protection.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

D. Lake Missaukee Area Fire Authority

The Lake Missaukee Area Fire Authority is a joint venture by and between the City of Lake City and the townships of Caldwell, Forest, Lake, Pioneer, and Reeder. This joint venture was created to provide fire protection for the listed governments. Each municipality pays an annual base amount equal to one-half of one mill of taxable value of the real property located in the areas of the municipality covered by this agreement. In addition, the Township pays \$450 per fire run within the Township.

In addition to the annual contribution, each township is required to contribute monies in order to construct a fire station and buy fire equipment.

For the year ended March 31, 2004, the Township contributed a total of \$9,239 to the Fire Authority.

The following financial information was taken from the Fire Authority's March 31, 2003 audited financial statements:

Total Assets	\$ 1,232,533
Investment in Fixed Assets	1,172,223
Fund Balance - Unreserved	39,471
Total Receipts	104,141
Total Disbursements	111,817
Total Other Financing Sources	0
Net Increase (Decrease) in Fund Balance	(7,676)

A copy of these audited financial statements may be obtained upon request from the Fire Authority Treasurer.

E. Retirement Plan

The Township has a defined contribution pension plan with Municipal Retirement Systems, Inc., which covers Township employees who have satisfied the eligibility requirements. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. An employee's normal retirement date is age 65 or the 5th anniversary of the first day of the plan year in which participation in the plan is commenced.

The formula for determining contributions is based on an employee's annual compensation. Annual compensation is based on compensation which coincides with the calendar year coinciding with or ending within the plan year. Plan year is April 1st to March 31st of the following year. The Township has elected to contribute 6% of compensation to the plan annually, with employees contributing an additional 6%. Past service credit is calculated as 3% of current compensation for each year of past service to a maximum of 10 years.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Township contributions to the plan for 2003-04 plan year amounted to \$3,018 and employees contributed \$3,018. In addition, the Township paid \$185 in service fees.

Total wages for those covered under the plan was \$53,108 and total wages for the employees including noncovered payroll was \$53,578.

F. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions, and worker's compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continued to carry insurance for other risks of loss, including fidelity bonds.

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 40,513
Money Market Account	204,096
Certificates of Deposit	208,422
Taxes Receivable	5,042
Accounts Receivable	470
Due from Other Governments	12,816
Prepaid Expenses	823
	<hr/>
TOTAL ASSETS	\$ 472,182

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 29,608
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FUND BALANCE

Unreserved	442,574
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TOTAL LIABILITIES AND FUND BALANCE	\$ 472,182
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes	\$ 48,561	\$ 41,145	\$ (7,416)
State Grants	80,000	97,962	17,962
Charges for Services	3	2,006	2,003
Interest and Rents	8,560	8,886	326
Other Receipts	135	5,893	5,758
Total Receipts	<u>\$ 137,259</u>	<u>\$ 155,892</u>	<u>\$ 18,633</u>
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 13,897	\$ 8,400	\$ 5,497
General Government			
Supervisor	10,787	10,813	(26)
Election	2,000	0	2,000
Assessor	22,260	23,425	(1,165)
Clerk	12,625	12,990	(365)
Board of Review	2,200	1,080	1,120
Treasurer	22,250	20,126	2,124
Building and Grounds	34,240	20,111	14,129
Cemetery	4,125	2,150	1,975
Public Works	75,000	53,479	21,521
Other Functions	16,034	7,665	8,369
Total Disbursements	<u>\$ 215,418</u>	<u>\$ 160,239</u>	<u>\$ 55,179</u>
Excess of Revenues Over (Under) Expenditures	\$ (78,159)	\$ (4,347)	\$ 73,812
<u>FUND BALANCE - April 1, 2003</u>	<u>446,921</u>	<u>446,921</u>	<u>0</u>
<u>FUND BALANCE - March 31, 2004</u>	<u>\$ 368,762</u>	<u>\$ 442,574</u>	<u>\$ 73,812</u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES
YEAR ENDED MARCH 31, 2004

TAXES

Current Property Tax	\$ 37,595	
Swamp Tax	3,543	
Delinquent Property Tax and Interest	<u>7</u>	
Total Taxes		\$ 41,145

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		97,962

CHARGES FOR SERVICES

Dog License Fees	\$ 3	
Land Division Fees	800	
P.A. 48 Revenue	728	
Sales - Cemetery Lots	<u>475</u>	
Total Charges for Services		2,006

INTEREST AND RENTS

Interest Earnings	\$ 8,361	
Hall Rental	<u>525</u>	
Total Interest and Rents		8,886

OTHER REVENUES

Refunds and Rebates		<u>5,893</u>
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TOTAL REVENUES		<u><u>\$ 155,892</u></u>
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board		
Personal Services		
Salaries and Wages	\$	1,080
Retirement Benefits		1,562
Supplies		
Office Supplies		146
Other Services and Charges		
Education and Training		900
Contracted Services		75
Printing and Publishing		280
Dues		664
Recycling Program		1,215
Miscellaneous		2,478
		<hr/>
Total Legislative	\$	8,400

GENERAL GOVERNMENT

Supervisor		
Personal Services		
Salaries and Wages	\$	9,000
Salaries and Wages - Deputy		1,500
Retirement Benefits		90
Supplies		
Office Supplies		135
Other Services and Charges		
Transportation and Expense		88
		<hr/>
Total Supervisor	\$	10,813
Assessor		
Personal Services		
Salaries and Wages	\$	14,614
Supplies		
Office Supplies		729
Other Services and Charges		
Contracted Services		7,735
Dues and Fees		15
Miscellaneous		332
		<hr/>
Total Assessor		23,425

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED MARCH 31, 2004

Clerk

Personal Services		
Salaries and Wages	\$ 10,500	
Salaries and Wages - Deputy	875	
Retirement Benefits	630	
Supplies		
Office Supplies	454	
Other Services and Charges		
Contracted Services	440	
Transportation and Expense	91	
Total Clerk		12,990

Board of Review

Personal Services		
Salaries and Wages - Per Diem		1,080

Treasurer

Personal Services		
Salaries and Wages	\$ 13,526	
Salaries and Wages - Deputy	2,500	
Retirement Benefits	720	
Supplies		
Office Supplies	1,094	
Other Services and Charges		
Contracted Services	1,902	
Transportation and Expense	384	
Total Treasurer		20,126

Building and Grounds

Personal Services		
Salaries and Wages	\$ 540	
Retirement Benefits	16	
Other Services and Charges		
Communications	1,330	
Contracted Services	749	
Repair and Maintenance	1,742	
Public Utilities	2,783	
Waste Removal	2,175	
Supplies	232	
Recreation	1,296	

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
YEAR ENDED MARCH 31, 2004

Rentals	130		
Miscellaneous	663		
Capital Outlay			
Improvements and Equipment	8,455		
Total Building and Grounds		20,111	
Cemetery			
Personal Services			
Salaries and Wages	\$ 765		
Other Services and Charges			
Repair and Maintenance	770		
Public Utilities	65		
Miscellaneous	550		
Total Cemetery		2,150	
Total General Government			90,695
<u>PUBLIC WORKS</u>			
Streets, Highways and Bridges			
Other Services and Charges			
Contracted Services	\$ 53,265		
Public Utilities	214		
Total Public Works			53,479
<u>OTHER FUNCTIONS</u>			
Insurance and Bonds	\$ 6,089		
Employee Benefits			
Medicare and Social Security	641		
Workers Compensation	750		
Pension Contribution	185		
Total Other Functions			7,665
TOTAL EXPENDITURES			\$ 160,239

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
MARCH 31, 2004

<u>ASSETS</u>	<u>FIRE</u>	<u>STREET LIGHTING</u>	<u>LAKE IMPROVEMENT</u>	<u>TOTAL</u>
Cash				
Money Market Account	\$ 67,891	\$ 18,662	\$ 0	\$ 86,553
Taxes Receivable	3,833	0	150	3,983
 TOTAL ASSETS	 \$ 71,724	 \$ 18,662	 \$ 150	 \$ 90,536
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 248	\$ 150	\$ 398
 <u>FUND BALANCE</u>				
Reserved for Fire Protection	\$ 71,724	\$ 0	\$ 0	\$ 71,724
Reserved for Street Lighting	0	18,414	0	18,414
 Total Fund Balance	 \$ 71,724	 \$ 18,414	 \$ 0	 \$ 90,138
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 71,724	 \$ 18,662	 \$ 150	 \$ 90,536

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

	FIRE	STREET LIGHTING	LAKE IMPROVEMENT	TOTAL
<u>REVENUES</u>				
Taxes	\$ 26,505	\$ 0	\$ 0	\$ 26,505
Charges for Services	780	0	0	780
Interest and Rents	443	103	0	546
Other Receipts	0	0	4,050	4,050
Total Receipts	\$ 27,728	\$ 103	\$ 4,050	\$ 31,881
<u>EXPENDITURES</u>				
Public Safety				
Fire Protection	\$ 18,952	\$ 0	\$ 0	\$ 18,952
Public Works				
Street Lighting	0	2,977	0	2,977
Recreation and Cultural				
Lake Improvement	0	0	4,050	4,050
Total Expenditures	\$ 18,952	\$ 2,977	\$ 4,050	\$ 25,979
Excess of Revenues Over (Under) Expenditures	\$ 8,776	\$ (2,874)	\$ 0	\$ 5,902
<u>FUND BALANCE</u> - April 1, 2003	62,948	21,288	0	84,236
<u>FUND BALANCE</u> - March 31, 2004	\$ 71,724	\$ 18,414	\$ 0	\$ 90,138

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

FIRE FUND

BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 67,891
Taxes Receivable	<u>3,833</u>
 TOTAL ASSETS	 <u><u>\$ 71,724</u></u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>	\$ 0
 <u>FUND BALANCE</u>	
Reserved for Fire Protection	<u>71,724</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 71,724</u></u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

FIRE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes			
Current Property Tax	\$ 28,500	\$ 26,505	\$ (1,995)
Charges for Services			
Fire Runs	0	780	780
Interest and Rents			
Interest Earnings	700	443	(257)
Total Revenues	\$ 29,200	\$ 27,728	\$ (1,472)
<u>EXPENDITURES</u>			
Public Safety			
Fire Protection			
Personal Services			
Salaries and Wages	\$ 750	\$ 540	\$ 210
Supplies			
Office Supplies	10	0	10
Other Services and Charges			
Aid to Other Government			
Manton Base Contracts	6,500	6,023	477
Lake Missaukee Area Fire Authority	9,500	9,239	261
Printing and Publishing	25	0	25
Miscellaneous			
Delinquent Fire Runs	3,600	1,150	2,450
Customer Refunds	300	0	300
Fire Department Equipment	10,000	2,000	8,000
Total Expenditures	\$ 30,685	\$ 18,952	\$ 11,733
Excess of Revenues Over (Under) Expenditures	\$ (1,485)	\$ 8,776	\$ 10,261
<u>FUND BALANCE</u> - April 1, 2003	62,948	62,948	0
<u>FUND BALANCE</u> - March 31, 2004	\$ 61,463	\$ 71,724	\$ 10,261

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

STREET LIGHTING FUND

BALANCE SHEET
MARCH 31, 2004

	<u>ASSETS</u>	
Cash		<u>\$ 18,662</u>
	<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>		
Accounts Payable		\$ 248
<u>FUND BALANCE</u>		
Reserved for Street Lighting		<u>18,414</u>
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 18,662</u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

STREET LIGHTING FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Interest and Rents			
Interest Earnings	\$ 250	\$ 103	\$ (147)
<u>EXPENDITURES</u>			
Public Works			
Street Lighting			
Other Services and Charges			
Public Utilities	\$ 4,200	\$ 2,966	\$ 1,234
Supplies	10	11	(1)
Audit	500	0	500
Total Expenditures	\$ 4,710	\$ 2,977	\$ 1,733
Excess of Revenues Over (Under) Expenditures	\$ (4,460)	\$ (2,874)	\$ 1,586
<u>FUND BALANCE</u> - April 1, 2003	21,288	21,288	0
<u>FUND BALANCE</u> - March 31, 2004	\$ 16,828	\$ 18,414	\$ 1,586

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

LAKE IMPROVEMENT FUND

BALANCE SHEET
MARCH 31, 2004

ASSETS

Taxes Receivable	\$ 150
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 150
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<u>FUND BALANCE</u>	<u>0</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 150</u>
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

LAKE IMPROVEMENT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Other Receipts			
Special Assessments	\$ 4,050	\$ 4,050	\$ 0
<u>EXPENDITURES</u>			
Recreation and Cultural			
Lake Improvement			
Aid to Other Governments	4,050	4,050	0
Excess of Revenues Over (Under) Expenditures	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u> - April 1, 2003	0	0	0
<u>FUND BALANCE</u> - March 31, 2004	\$ 0	\$ 0	\$ 0

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

DEBT SERVICE FUNDS

COMBINING BALANCE SHEET
MARCH 31, 2004

	<u>SEWER PROJECT #1</u>	<u>SEWER PROJECT #2</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash on Deposit			
Money Market Account	\$ 11,169	\$ 4,102	\$ 15,271
Special Assessments Receivable			
Delinquent	1,209	0	1,209
Deferred	119	4,877	4,996
TOTAL ASSETS	<u>\$ 12,497</u>	<u>\$ 8,979</u>	<u>\$ 21,476</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Deferred Revenue	\$ 119	\$ 4,877	\$ 4,996
<u>FUND BALANCE</u>			
Reserved for Debt Retirement	12,378	4,102	16,480
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,497</u>	<u>\$ 8,979</u>	<u>\$ 21,476</u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

	<u>SEWER PROJECT #1</u>	<u>SEWER PROJECT #2</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Interest and Rents			
Interest on Investments	\$ 20	\$ 22	\$ 42
Interest on Assessments	1,550	584	2,134
Other Revenues			
Special Assessments	3,496	4,678	8,174
Refunds	0	52	52
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 5,066	\$ 5,336	\$ 10,402
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Bonds	\$ 39	\$ 9,696	\$ 9,735
Interest on Bonds	2	2,719	2,721
Financing Fees	0	12	12
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 41	\$ 12,427	\$ 12,468
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	\$ 5,025	\$ (7,091)	\$ (2,066)
<u>FUND BALANCE</u> - April 1, 2003	<hr/> 7,353	<hr/> 11,193	<hr/> 18,546
<u>FUND BALANCE</u> - March 31, 2004	<hr/> <hr/> \$ 12,378	<hr/> <hr/> \$ 4,102	<hr/> <hr/> \$ 16,480

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

DEBT SERVICE FUND - SEWER PROJECT #1

BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 11,169
Special Assessments Receivable	
Delinquent	1,209
Deferred	<u>119</u>
 TOTAL ASSETS	 <u><u>\$ 12,497</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred Revenue	\$ 119
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FUND BALANCE

Reserved for Debt Retirement	<u>12,378</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 12,497</u></u>
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

DEBT SERVICE FUND - SEWER PROJECT #1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Interest and Rents			
Interest on Investments	\$ 240	\$ 20	\$ (220)
Interest on Assessments	335	1,550	1,215
Other Revenues			
Special Assessments	3,110	3,496	386
Total Revenues	<u>\$ 3,685</u>	<u>\$ 5,066</u>	<u>\$ 1,381</u>
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Bonds	\$ 100	\$ 39	\$ 61
Interest on Bonds	0	2	(2)
Financing Fees	25	0	25
Total Expenditures	<u>\$ 125</u>	<u>\$ 41</u>	<u>\$ 84</u>
Excess of Revenues Over (Under) Expenditures	\$ 3,560	\$ 5,025	\$ 1,465
<u>FUND BALANCE - April 1, 2003</u>	<u>7,353</u>	<u>7,353</u>	<u>0</u>
<u>FUND BALANCE - March 31, 2004</u>	<u>\$ 10,913</u>	<u>\$ 12,378</u>	<u>\$ 1,465</u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

DEBT SERVICE FUND - SEWER PROJECT #2

BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 4,102
Special Assessments Receivable	
Deferred	<u>4,877</u>
TOTAL ASSETS	<u>\$ 8,979</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred Revenue	\$ 4,877
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FUND BALANCE

Reserved for Debt Retirement	<u>4,102</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,979</u>
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

DEBT SERVICE FUND - SEWER PROJECT #2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Interest and Rents			
Interest on Investments	\$ 150	\$ 22	\$ (128)
Interest on Assessments	75	584	509
Other Revenues			
Special Assessments	1,135	4,678	3,543
Refunds	0	52	52
Total Revenues	\$ 1,360	\$ 5,336	\$ 3,976
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Bonds	\$ 9,000	\$ 9,696	\$ (696)
Interest on Bonds	0	2,719	(2,719)
Financing Fees	10	12	(2)
Total Expenditures	\$ 9,010	\$ 12,427	\$ (3,417)
Excess of Revenues Over (Under) Expenditures	\$ (7,650)	\$ (7,091)	\$ 559
<u>FUND BALANCE - April 1, 2003</u>	11,193	11,193	0
<u>FUND BALANCE - March 31, 2004</u>	\$ 3,543	\$ 4,102	\$ 559

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 33

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Governments	\$ 33
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<u>FUND BALANCE</u>	<u>0</u>
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TOTAL LIABILITIES AND FUND BALANCE	\$ 33
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

REVENUES

Current Tax Collections	\$ 815,212	
Delinquent Tax Collections	14,982	
Penalties and Interest	242	
Overcollections	180	
Commercial Forest	286	
Dog License Fees	110	
	<hr/>	
Total Revenues		\$ 831,012

EXPENDITURES

Payments to County Treasurer		
Current Tax		
County	\$ 172,995	
County State Education Tax	132,961	
Commercial Forest	286	
Dog License Fees	107	
Delinquent Tax		
Personal Property Tax	70	
Penalties and Interest	242	
	<hr/>	
Payments to Township Treasurer		
Current Tax		
Operating	\$ 32,553	
Fire	22,672	
Sewer Assessment	264	
Delinquent Sewer	2,937	
Dog License Fees	3	
Delinquent Tax		
Operating	4,737	
Fire	3,575	
Delinquent Sewer	5,698	
Personal Property Tax	7	
	<hr/>	
		72,446

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

Payments to School Treasurer			
Current Tax			
Lake City Area Schools	\$ 218,868		
Manton Consolidated Schools	79,573		
Delinquent Tax			
Lake City Area Schools-Personal Property Tax	112	298,553	
Payments to Intermediate School Treasurer			
Current Tax			
Wexford-Missaukee	148,489		
Delinquent Tax			
Wexford-Missaukee-Personal Property Tax	33	148,522	
Payments to Lake Improvement Board			
Current Tax			
Crooked Lake Improvement	\$ 3,900		
Delinquent Tax			
Crooked Lake Improvement	750	4,650	
Overpayment Refunds		180	
 Total Expenditures			<u>831,012</u>
 Excess of Revenues Over (Under) Expenditures		\$	0
 <u>FUND BALANCE</u> - April 1, 2003			<u>0</u>
 <u>FUND BALANCE</u> - March 31, 2004		\$	<u>0</u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/2003	ADDITIONS	DELETIONS	BALANCE 3/31/2004
<u>GENERAL FIXED ASSETS</u>				
Land and Buildings	\$ 159,206	\$ 2,961	\$ 0	\$ 162,167
Machinery and Equipment	23,815	5,948	0	29,763
Furniture and Fixtures	16,272	0	0	16,272
	<u>\$ 199,293</u>	<u>\$ 8,909</u>	<u>\$ 0</u>	<u>\$ 208,202</u>
 <u>INVESTMENT IN GENERAL FIXED ASSETS</u>	 <u>\$ 199,293</u>	 <u>\$ 8,909</u>	 <u>\$ 0</u>	 <u>\$ 208,202</u>

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

STATEMENT OF LONG-TERM DEBT GROUP OF ACCOUNTS
MARCH 31, 2004

AMOUNT AVAILABLE AND TO BE PROVIDED FOR
PAYMENT OF LONG-TERM DEBT

Amount in Debt Service Funds	\$ 16,480
Amount to be Provided from Debt Service Fund Revenues	<u>4,233</u>

TOTAL AMOUNT AVAILABLE AND TO BE PROVIDED	<u><u>\$ 20,713</u></u>
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LONG-TERM DEBT PAYABLE

1993 Bond Issue	<u><u>\$ 20,713</u></u>
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CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

STATEMENT OF 2003 PROPERTY TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County		\$	199,791	
County State Education Tax			142,903	
Township				
Operating	\$	37,595		
Fire		26,505		
Sewer Assessment		288		
Delinquent Sewer		5,989	70,377	
Schools				
Lake City Area School	\$	240,506		
Manton Consolidated Schools		92,489	332,995	
Intermediate School				
Wexford-Missaukee			171,489	
Lake Improvement Board				
Crooked Lake Improvement Board			4,050	\$ 921,605

TAXES COLLECTED

County		\$	172,995	
County State Education Tax			132,961	
Township				
Operating	\$	32,553		
Fire		22,672		
Sewer Assessment		264		
Delinquent Sewer		2,937	58,426	
Schools				
Lake City Area School	\$	218,868		
Manton Consolidated Schools		79,573	298,441	
Intermediate School				
Wexford-Missaukee			148,489	
Lake Improvement Board				
Crooked Lake Improvement Board			3,900	815,212

CALDWELL TOWNSHIP, MISSAUKEE COUNTY
LAKE CITY, MICHIGAN

STATEMENT OF 2003 PROPERTY TAX ROLL
MARCH 31, 2004

TAXES RETURNED DELINQUENT

County		\$	26,796	
County State Education Tax			9,942	
Township				
Operating	\$	5,042		
Fire		3,833		
Sewer Assessment		24		
Delinquent Sewer		<u>3,052</u>	11,951	
Schools				
Lake City Area School	\$	21,638		
Manton Consolidated Schools		<u>12,916</u>	34,554	
Intermediate School				
Wexford-Missaukee			23,000	
Lake Improvement Board				
Crooked Lake Improvement Board			<u>150</u>	<u>\$ 106,393</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 13, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Caldwell Township
Missaukee County
Lake City, Michigan

During the course of our audit of the general-purpose financial statements of Caldwell Township for the year ended March 31, 2004, we noted the following:

Budgeting

Pertaining to the Township's compliance with Public Acts 621 of 1978, the budget should include the estimated beginning fund balance in the body of the approved budget document. In addition the Debt Service Fund – Sewer Project #2 expenditures exceeded appropriations. State law requires the Township to amend its budget before incurring expenditures that would otherwise exceed the budget.

GASB 34

The Government Accounting Standards Board has issued a new pronouncement that will dramatically change the way governmental entities report their financial information. For Caldwell Township, GASB 34 will become effective for the year beginning April 1, 2004.

Some of the changes required by GASB 34 are as follows:

- a) Management's discussion and analysis will be the first thing in a financial report. This will be the administration's narrative overview of the information contained in the financial statements.
- b) The budgetary comparison information must report the original adopted budget and the final amended budget.
- c) Capital assets and long-term liabilities will be required to be reported in the balance sheet. The depreciation on the capital assets will then be reported as an expense in the statement of revenues and expenses. With this change, the financial statements of a government entity will look similar to a for-profit business financial statements.

We are available to assist the Township in all aspects of the implementation of this new standard. Please contact us to discuss.

We would like to thank the board for its continued confidence in our firm and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 13, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Caldwell Township
Missaukee County
Lake City, Michigan

In planning and performing our audit of the general-purpose financial statements of Caldwell Township, Missaukee County, Lake City, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

